

NEWS RELEASE

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For Immediate Release

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Ronald J. Tenpas, United States Attorney for the Southern District of Illinois, announced today that Loren Harms, age 60, of Red Bud, Illinois, pled guilty to the federal offense of Attempting to Obstruct the Examination of a Financial Institution. The offense carries a maximum statutory penalty of up to five (5) years imprisonment, a fine of up to \$250,000 and up to five (3) years supervised release. Sentencing has been set for June 11, 2004.

The prosecution is the result of Loren Harms' conduct while the Vice President and C.E.O. of the First State Bank of Red Bud. As part of the plea, Loren Harms admitted that he caused the alteration of a corporate resolution in the bank's records prior to a bank examination that was conducted by the Federal Reserve for the purpose of obstructing the examination of the bank by the Federal Reserve. The corporate resolution was for Hampton Hentscher Ford Mercury, Inc., in Red Bud, Illinois, and was altered to add the name of Terry Harms as someone who could act on behalf of the corporation to obtain loans. Terry Harms was employed as the office manager of Hampton Hentscher Ford Mercury, Inc. and did not have authority to obtain loans for the dealership. Terry Harms is the son of Loren Harms. As part of the plea, Loren Harms admitted that after the alteration of the corporate resolution, Terry Harms obtained six loans from the First State Bank of Red Bud, totaling \$565,000. It was ultimately discovered that a significant number of the dealership's vehicles were financed at multiple financial institutions: the First State Bank of Red Bud, First Bank of Red Bud, and Ford Motor Credit. As part of the plea, Loren Harms acknowledged that when initially interviewed by the F.B.I. and later by the United States Secret Service, Loren Harms indicated that there was a valid corporate resolution that had not been altered. Terry Harms was indicted separately for the federal offense of bank fraud and awaits trial.

The successful prosecution is the result of an investigation conducted by the United States Secret Service and the Federal Bureau of Investigation. The prosecution of the case is being handled by Assistant United States Attorney Norman R. Smith.